

## Message Text

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PAGE 01 SAIGON 20899 280528Z

21/11

ACTION SS-25

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FM AMEMBASSY SAIGON

TO SECSTATE WASHDC NIACI IMMEDIATE 3026

C O N F I D E N T I A L SAIGON 20899

EXDIS

C O R R E C T E D C O P Y (PARA 2 AND 3)

PERSONAL FOR DEPUTY SECRETARY, DEPUTY ADMINISTRATOR MURPHY,  
AID, AND MILLER, EA

E.O. 11652: GDS

TAGS: PBOR, VS

SUBJECT: AIR TRANSPORTATION SERVICES IN SOUTHEAST ASIA

REF: A) STATE 042733; B) STATE 041251; C) SAIGON 2088

1. JOHN MURPHY'S RECOUNTING OF MY CONVERSATION WITH HIM ON  
FEBRUARY 14 IS, AS ONE WOULD EXPECT, WHOLLY ACCURATE.  
  
2. ON MY RETURN I REPORTED ON MY CONVERSATION WITH MURPHY TO  
THE GVN AND WAS PROMISED THAT THE FORMAL LETTER WOULD BE FORTH-  
COMING. ON RECEIPT OF REF B WHICH I FOUND, TO MY SURPRISE, HAD  
NOT BEEN DISCUSSED WITH ANY ELEMENT OF THE MISSION, I CALLED TO  
FIND WHAT HAPPENED TO THE PROMISED LETTER. I WAS TOLD IT HAD BEEN  
SIGNED ON MONDAY AND WOULD BE RETRIEVED FROM THE RECORDS AND  
DELIVERY SYSTEM AND DELIVERED TODAY. IT HAS NOW BEEN RECEIVED  
AND HAS BEEN TRANSMITTED IN REF C, WITH THE REQUEST THAT ITS  
CONFIDENTIAL CLASSIFICATION BE RESPECTED FOR INTERNAL POLITICAL  
REASONS.

3. IT WILL BE NOTED THAT, AS I INFORMED DEPUTY ASSISTANT  
SECRETARY MILLER BY TELEPHONE LAST EVENING, IF THE PROPOSAL  
OUTLINED IN REF B IS CARRIED THROUGH AND A COMMERCE BUSINESS  
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DAILY NOTICE IS ISSUED TODAY, IT IS LIKELY TO BE EMBARRASSING

IF IT IS CONTEMPLATED THAT THE SUCCESSFUL BIDDER FOR THE CAMBODIAN AIR TRANSPORTATION SERVICE CONTRACT IS EXPECTED TO BE BASED IN VIET-NAM, SINCE THE TEXT OF MONDAY'S LETTER CLEARLY PROHIBITS SUCH AN ARRANGEMENT. THAT IS NOT OUR BUSINESS, BUT A CHECK WITH THE MISSION COULD HAVE PERMITTED DECISION TO BE MADE IN LIGHT OF THE CURRENT POLITICAL REALITIES HERE. IF NOTICE HAS NOT BEEN PUBLISHED, YOU MAY CARE TO HAVE IT WITHDRAWN TO PERMIT AN REASSESSMENT OF THE MOST SENSIBLE WAY TO INSURE AN ORDERLY CHANGEOVER AND TO PROVIDE FOR THE MOST EFFICIENT AND LEAST EXPENSIVE WAY TO MEET AIR TRANSPORTATION SERVICES FOR BOTH VIET-NAM AND CAMBODIA AFTER JUNE 30.

4. IT WILL BE NOTED THAT THE WORDING OF THE PRIME MINISTER'S LETTER PERMITS ARRANGEMENT EITHER WITH AIR VIET-NAM OR DIRECTLY WITH CONTINENTAL AIR SERVICES, INC. I PERSONALLY PREFER THE DIRECT ARRANGEMENT WITH AIR VIET-NAM FOR POLITICAL REASONS. HOWEVER, THE UNANIMOUS OPINION OF THE TECHNICAL STAFF CONCERNED WITH AIR TRANSPORTATION SERVICES FAVORS A DIRECT CONTRACT WITH CONTINENTAL AIR SERVICES, INC. AND I SHALL NOT OPPOSE THIS SINCE IT WOULD OBTAIN LONG AND PAINSTAKING NEGOTIATIONS WITH THE GVN ON THE USE OF THE TRUST FUND.

5. IN SUMMARY, WE SEEM TO BE IN A POSITION NOW TO MOVE EXPEDITIOUSLY TO FIRM UP ARRANGEMENTS WITH EITHER AIR VIET-NAM OR WITH CASI TO PROVIDE AN ORDERLY TRANSITION FROM AIR AMERICA IN THE PERIOD BETWEEN NOW AND JUNE 30. AS I PROMISED DEPUTY ADMINISTRATOR MURPHY, I WILL USE EVERY OUNCE OF INFLUENCE I CAN BRING TO BEAR TO INSURE THAT THE FINAL CONTRACT IS EQUITABLE, FAIR AND AT THE LEAST POSSIBLE COST TO THE USG. OBVIOUSLY I CAN ONLY DO SO IF THE NEGOTIATIONS ARE CONDUCTED HERE RATHER THAN IN WASHINGTON OR LOS ANGELES. OBVIOUSLY THE NEGOTIATIONS WOULD BE CONDUCTED AD REFERENDUM, SUBJECT TO FINAL APPROVAL BY THE USING AGENCIES IN WASHINGTON. PLEASE ADVISE HOW YOU WISH US TO PROCEED.

6. REQUIREMENT SPECIFIED IN PARAGRAPH 2 A OF REF A IS TAKEN CARE OF BY REF C. IT WOULD BE INAPPROPRIATE TO START WORK ON ITEMS MENTIONED IN PARAGRAPHS 2 B, C, AND D UNTIL DECISION IS MADE IN WASHINGTON WHETHER WE WILL NEGOTIATE WITH AIR VIET-NAM  
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OR DIRECTLY WITH CASI.

7. MY OWN THOUGHTS ON LAST SENTENCE OF PARAGRAPH 3 OF REF A ARE THAT IT WOULD BE VERY MUCH BETTER TO TRY TO NEGOTIATE AIR TRANSPORTATION REQUIREMENTS FOR VIET-NAM AND CAMBODIA AS PART OF A SINGLE PACKAGE. I AM ADVISED BY ALL USING AGENCIES THAT THIS WOULD PROVIDE A GREAT DEAL MORE FLEXIBILITY FOR CAMBODIA THAN WOULD RESULT FROM THE NEGOTIATION OF A SEPARATE CONTRACT.

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## Message Attributes

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